

Message Text

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C O N F I D E N T I A L STATE 082111

E.O. 11652: GDS

TAGS: BENC, GB

SUBJECT: BONGO MEETINGS WITH U.S. BUSINESSMEN

REF: (A) STATE 50528; (B) STATE 56670; (C) LIBREVILLE 688;
(D) USDOC 4602

1. SUMMARY: ON MARCH 1, 1977, PRESIDENT BONGO MET IN NEW YORK WITH EXECUTIVES OF FOUR U.S. FIRMS PURSUING CONTRACTS FOR AND/OR WORKING ON LARGE GABONESE INFRASTRUCTURE PROJECTS: PULLMAN-STANDARD, TIPPETTS-ABBETT-MCCARTHY-STRATTON (TAMS), BROWN AND ROOT, CHARLES T. MAIN INT'L. (CTMI). THE DAY BEFORE BONGO HAD INDICATED LITTLE INTEREST IN DISCUSSING PROJECTS WITH U.S. BUSINESSMEN, WITH POSSIBLE EXCEPTION OF GRAND POUBARA HYDROELECTRIC FACILITY. BONGO SEEMED MORE POSITIVELY RESPONSIVE TO PULLMAN-STANDARD AND CTMI PRESENTATIONS THAN OTHERS. BONGO EXPRESSED STRONG INTEREST IN RECEIVING MORE U.S. INVESTMENT, CITING TOBACCO AND
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MATCH MANUFACTURING. FOLLOWUP VISITS TO GABON ARE UNDERWAY. END SUMMARY.

2. PULLMAN-STANDARD, GENERAL JAMES A. MCDIVITT, PRESIDENT: (A) BONGO WAS AT FIRST RELUCTANT TO SEE MCDIVITT, PREFERRING TO HAVE HIM DEAL INSTEAD WITH

MINISTER RAWIRI. HE WAS PERSUADED TO DO SO, HOWEVER, BY MAURICE TEMPLESMAN, WHO IS APPARENTLY CONTEMPLATING

POSSIBLE AGENCY RELATIONSHIP THROUGH THIRD PARTY. MCDIVITT RECALLED HIS EXPERIENCES AS A LUNAR ASTRONAUT AND PRESENTED BONGO WITH BOOK OF EARTH PHOTOGRAPHS TAKEN FROM SATELLITE. HE MENTIONED HE HAD TAKEN SOME PHOTOS HIMSELF OF GABON AND PROMISED TO SEND COPIES TO BONGO, WHO SEEM INTRIGUED. MEETING WAS OF GENERAL INTRODUCTORY NATURE. MCDIVITT EXPRESSED PULLMAN'S INTEREST IN SELLING ROLLING STOCK TO GABON, EMPHASIZING PULLMAN'S PHILOSOPHY OF CONSULTING CLOSELY WITH CLIENTS AT TECHNICAL LEVEL TO PRODUCE DESIGN BEST ADAPTED TO LOCAL CONDITIONS. HE SAID HE WOULD LIKE TO SEND SALES ENGINEER TO GABON, IF BONGO INTERESTED, TO DISCUSS MATTER IN FURTHER DETAIL WITH APPROPRIATE GOG AUTHORITIES. BONGO AGREED, SUGGESTING THAT REP COME AFTER MARCH 10. MCDIVITT INDICATED SOMEONE WOULD PROBABLY BE SENT OUT IN APRIL.

2. (B) MCDIVITT CALLED ON RAWIRI IN LATTER'S SUITE IMMEDIATELY AFTER LEAVING BONGO. MCDIVITT REITERATED HIS INTEREST IN SUPPLYING ROLLING STOCK FOR TRANSGABON, INDICATING PULLMAN-STANDARD'S LENGTHY EXPERIENCE IN PUTTING TOGETHER FINANCING PACKAGES. HE STRESSED IMPORTANCE OF A SURVEY OF GABON'S PARTICULAR NEEDS BEFORE ORDERING ROLLING STOCK. PULLMAN-STANDARD, HE SAID, WOULD BE PLEASED TO MAKE SUCH A STUDY, WHICH COULD RESULT IN SUBSTANTIAL SAVINGS IN EQUIPMENT COSTS. FIRST, HOWEVER, CONFIDENTIAL

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COMPANY WOULD SEND REP TO GABON FOR PRELIMINARY REVIEW OF

TRANSGABON AND DISCUSSIONS OF ROLLING STOCK NEEDS WITH APPROPRIATE GOG, OCTRA AND SOMFER OFFICIALS. RAWIRI SEEMED KEENLY INTERESTED IN MCDIVITT PRESENTATION, ESPECIALLY RE FINANCING AND STUDY. STRESSED STRONG

DESIRE TO HAVE MCDIVITT, OTHER COMPANY EXECUTIVES VISIT GABON.

2. (C) PULLMAN-STANDARD PRESENTLY PLANNING SEND WILLIAM J. KOUBA, ASSISTANT VICE PRESIDENT, TO GABON

LATE-APRIL/EARLY-MAY TIMEFRAME, COMBINING VISIT WITH ONE TO NIGERIA. COMMERCE/MEPD WILL ADVISE EMBASSY AS SOON AS FIRM DATES ARE KNOWN.

3. TAMS - ROBERT HEINS, PARTNER, EDDIE BENMOUVAR PROJECT MANAGER FOR TRANSGABON: TAMS REPS MENTIONED

INTEREST IN DOING ENGINEERING AND PROJECT MANAGEMENT FOR GRAND POUBARA. THEY STRESSED UNIQUE (FOR U.S. FIRMS) ABILITY TO WORK WITH FRENCH COMPANIES, CITING EXPERIENCE WITH EUROTRAG. TO THIS END, THEY SAID, TAMS HAS APPROACHED A FRENCH CONSTRUCTION COMPANY WITH VIEW TO

FORMING JOINT VENTURE DESIGN/CONSTRUCT GRAND POUBARA. BONGO SEEMED MILDLY INTERESTED, BUT NOT ESPECIALLY ATTRACTED, THIS POSSIBILITY. TAMS REPS MENTIONED EXPECTATION FOR SPEEDING UP TRANSGABON CONSTRUCTION, CUTTING TIME OVERRUN THAT HAS DEVELOPED.

4. (A) BROWN AND ROOT, T.G. KNIGHT, SENIOR VICE PRESIDENT, CHARLES C. SMITH, PRESIDENT, WM. A. SMITH CONSTRUCTION COMPANY (BROWN AND ROOT SUBSIDIARY), GUY R.H. CARRAUX, SENIOR MANAGER, MINING AND METAL INDUSTRIES ENGINEERING: B AND R REPS VOICED INTEREST IN SANTA CLARA CONFIDENTIAL

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AND OTHER PORTS, TRANSGABON, AND GABONESE PROJECTS IN GENERAL. THEY MADE MUCH OF RECENT B AND R JOINT VENTURE

WITH GOVERNMENT OF GHANA (REPEAT GHANA) IN A CONSTRUCTION COMPANY THERE AS ENABLING THEM TO BRING GHANAIAN LABOR TO GABON FOR PROJECTS B AND R MIGHT BUILD IN LATTER COUNTRY.

4. (B) COMMENT: B AND R PRESENTATION VERY BROAD IN SCOPE, POSSIBLY REFLECTING LIMITED PROJECT FAMILIARITY BY THESE PARTICULAR EXECUTIVES. ALTHOUGH THEY INDICATED IN SUBSEQUENT CONVERSATION THAT BONGO WAS MUCH ENTHRALLED

WITH PROSPECT OF USING GHANIAN LABOR IN GABON, NO SUCH ENTHUSIASM WAS NOTED BY USG OBSERVERS. RATHER, BONGO APPEARED POLITELY ATTENTIVE, WITHOUT EXTENDING DISCUSSION.

4. (C) B AND R EXECS NAMED ABOVE PLUS EDWARD P. O'SULLIVAN, MANAGER INTERNATIONAL SALES, WILL BE VISITING GABON APRIL 13-16 (REF D).

5. CHARLES T. MAIN INT'L. (CTMI), GERARD J. BLANC, MANAGER INTERNATIONAL: BLANC PRESENTED SUCCINCT REPORT OF CTMI PROGRESS ON ECONOMIC STUDY FOR GRAND POUBARA. HE

CITED PROBLEM OF OBTAINING PRELIMINARY REPORT ON ELECTRICITE DE FRANCE PREFEASIBILITY STUDY. HE ALLUDED TO CITIBANK ROLE IN DEVELOPING FINANCING DATA FOR STUDY, INDICATING THIS WOULD BE IMPORTANT IN PROCURING ULTIMATE FUNDING OF PROJECT. BONGO EVINCED

CONSIDERABLE INTEREST IN BLANC PRESENTATION AND
GRATIFICATION RE CTMI CONCEPTUALIZATION OF ECONOMIC
STUDY AND PROGRESS THEREON.

6. U.S. INVESTMENT: AT END OF MEETING WITH BLANC, BONGO
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ASKED WHY THERE CANNOT BE MORE U.S. INVESTMENT -- FOR
EXAMPLE IN FACILITIES TO MANUFACTURE MATCHES AND TOBACCO
PRODUCTS. IN VIEW BONGO'S EARLIER IMPATIENCE WITH
BUSINESS MATTERS, COMMERCE/MEPD REP AGREED TO EXPLORE
POSSIBILITIES WITH U.S. MATCH AND TOBACCO FIRMS RATHER
THAN EXPLAIN PROBLEMS OF ESTABLISHING SUCH FACILITIES
IN THE VERY LIMITED GABONESE MARKET.

7. MATCHES: MEPD CONTACTED THE THREE U.S. FIRMS WHICH
MAKE MATCH FACTORY MACHINERY: D. D. BEAN AND SONS,
COLUMBIA MATCH AND MARYLAND MATCH. D. D. BEAN AND SONS
HAS IN PAST TAKEN EQUITY POSITION IN FOREIGN PROJECTS
AND WOULD BE WILLING TO EXPLORE THIS POSSIBILITY FURTHER.
FIRM INTENDS WRITE LETTER TO BONGO WHICH COMMERCE WILL
FORWARD TO EMBASSY FOR DELIVERY. BEAN'S INITIAL
RESERVATION IS THAT SMALL SIZE OF GABONESE MARKET WOULD
LIMIT VIABILITY OF MATCH PRODUCTION THERE. COLUMBIA
MATCH AND MARYLAND MATCH INDICATED THAT THEY DO NOT
USUALLY INVEST IN PROJECTS, LIMITING THEMSELVES TO
EQUIPMENT SALES. THEY HAVE AGREED, HOWEVER, TO REVIEW
SOME BACKGROUND MATERIALS ON GABON AND THIS PARTICULAR
OPPORTUNITY AND WILL CONTACT COMMERCE/MEPD IF THEY HAVE
FURTHER INTEREST. (INDUSTRY SOURCES REPORT THAT
COMPANIES PRODUCING ONLY MATCHES AND NOT MACHINERY DO
NOT GET INVOLVED IN OVERSEAS PROJECTS).

8. MANUFACTURED TOBACCO: COMMERCE CONTACTED TOBACCO
INSTITUTE, WHICH EXPRESSED WILLINGNESS TO APPROACH U.S.

FIRMS PROVIDED GOG COULD FURNISH SPECIFIC DATA RE MARKET
DIMENSIONS, CURRENT SOURCES OF SUPPLY, EXISTING

MANUFACTURING OPERATIONS, GOVERNMENT PARTICIPATION IN
PROPOSED INVESTMENT. HOWEVER, THIS WOULD APPEAR TO BE
A VERY DIFFICULT SECTOR FOR U.S. TOBACCO MANUFACTURERS TO
INVEST IN CONSIDERING THEIR EXISTING LICENSING ARRANGE-
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MENTS WITH EUROPEAN FIRMS, THE SMALL SIZE OF THE

GABONESE MARKET AND INDICATIONS THAT THERE IS ALREADY
SOME LOCAL OUTPUT OF TOBACCO PRODUCTS.

9. EMBASSY MAY, AT ITS DISCRETION, WISH TO POINT OUT
TO GOG THAT BETTER PROSPECT FOR OBTAINING U.S. INVESTMENT
AT THIS TIME WOULD BE TO TAKE ADVANTAGE OF CHEMONICS'
INTEREST IN RICE PROJECT (REFS B AND C) BY BEING SURE
EVERYTHING IS BEING DONE TO FACILITATE NEGOTIATIONS.
POSSIBILITIES FOR RICE PRODUCTION IN GABON APPEAR
INFINITELY BRIGHTER THAN FOR MATCHES AND TOBACCO

PRODUCTS, AND GABONESE LIKELY TO BENEFIT FROM CHEMONICS'

STRONG EXPERTISE AND MARKETING POSITION.

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